

**TESTIMONY**

**Delivered by Richard J. Corcoran  
Chief Business Officer/CFO  
VNA Community Healthcare, Inc.  
Guilford & Hamden, CT  
(203) 458-4200**

**Before the Appropriations Committee**

**February 14, 2014**

Good morning Senator Bye, Representative Walker and members of the Appropriations Committee. My name is Richard Corcoran, Chief Business Officer and CFO of VNA Community Healthcare, Inc.

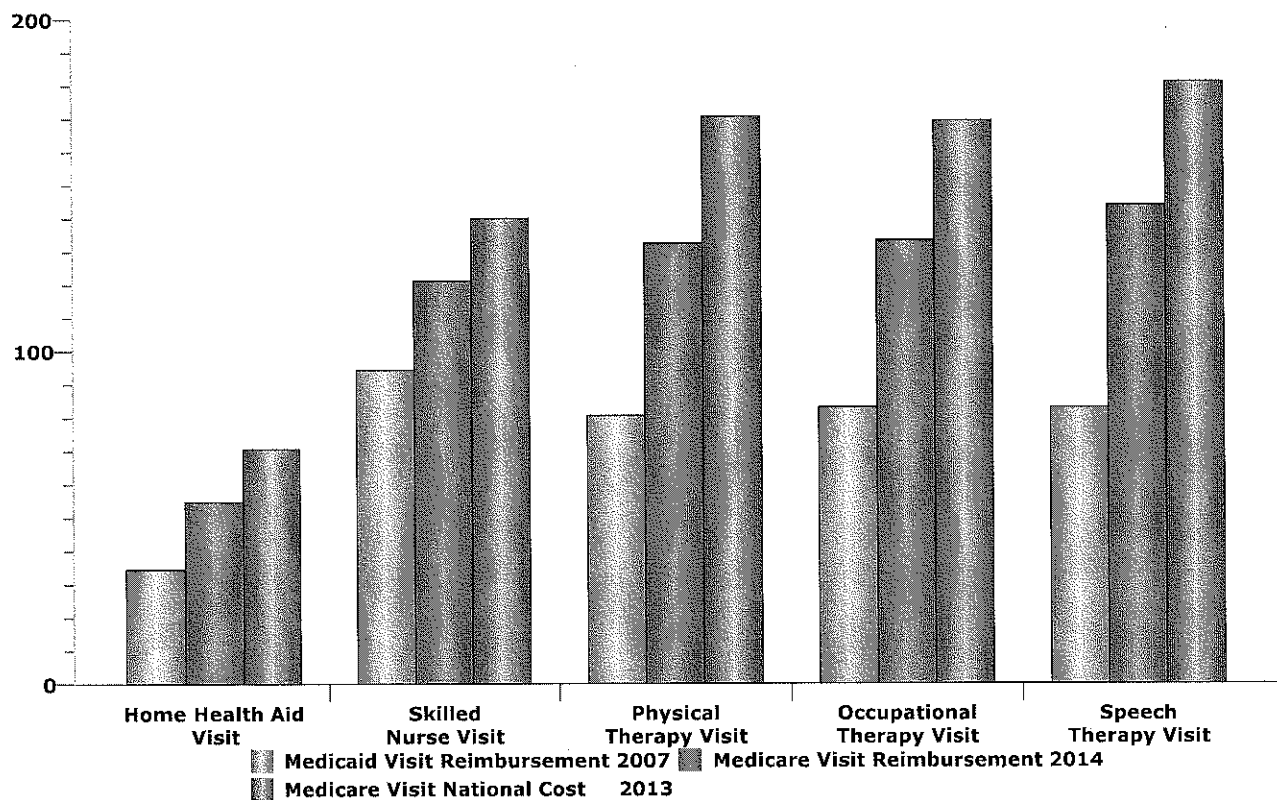
Our home health care agency serves almost 7,000 patients annually residing in Old Saybrook to Derby to Middletown and we employ nearly 600 people. We make more than 1,000 home visits per day. Our main office is in Guilford, and we have a branch office in Hamden, and several caregiver and community resource centers in Old Saybrook, East Haven and North Haven.

**▪ Medicaid Rates vs. Medicare Rates**

- ✓ Medicaid rates are currently 58% to 78% of CY 2014 federal Medicare per-visit rates. Reference is made to Federal Register Vol.78, No.231, page 72279 dated December 2, 2013. Another way to view it is that Medicare rates are 28% to 73% higher than Medicaid rates for the same services.
- ✓ CMS reviewed thousands of cost reports submitted by home health care companies from all over the U.S. to evaluate actual costs of skilled services

- ✓ Current Medicaid rates in CT run 45% to 67% of **actual costs** of skilled services. This analysis does not include regional adjustments for wage mix variances. Please refer to chart below for comparison.

## Home Health Care Services \$ Reimbursement Rates Medicaid vs. Medicare



### • Situation Analysis

- ✓ No rate increases since 2005
- ✓ 4% increase in 2005 only increase in 12 years
- ✓ Some home health care agencies do not or are reluctant to accept Medicaid patients

- ✓ Some agencies primarily Medicare only
  - CMS will be cutting Medicare rates by 14% over the next 3-4 years
  - Medicare will no longer be the way to subsidize the Medicaid rates
- ✓ Patients with most chronic health issues will continue to experience reducing health care resources. Medicaid patients have a high incidence of chronic disease. Some MD's no longer accept Medicaid patients
- ✓ Caring for the Medicaid population is essential to reducing overall health care costs.
- ✓ State Innovation Model & Dual Eligible Project will need support and a provider network

### **• Considerations**

- ✓ Incrementally increase Medicaid rates to minimum % (e.g. 75%) of the Federal Medicare Rates for years 2014, 2015, 2016 (Medicare per-visit rates)
- ✓ CHN to work with Home Health on utilization, outcome improvements. We need to move from volume to value.
- ✓ Require all Home Health Agencies to accept Medicaid patients if Medicare certified and licensed in CT
- ✓ We need the financial resources to properly manage this dramatically growing population in the years ahead

Please contact us as a resource for additional information at any time.

Thank you very much.